



IDAHO SOIL CONSERVATION COMMISSION

Bi-monthly Commission Meeting Wednesday, November 18, 2009

Idaho Soil Conservation Commission

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Governor

C.L. "Butch" Otter

Commission Members

J. Morgan Evans, Chair
Bill Flory, Vice-chair
Joe Davidson, Secretary
Dwight Horsch
Dick Bronson

Administrator

Sara Schmidt

DoubleTree Riverside Hotel

Delamar Room

2900 Chinden Blvd.

Boise, Idaho

9:00 a.m. Mountain Daylight Time

APPROVED MINUTES

Commission Members Present:

Dwight Horsch
Morgan Evans
Dick Bronson

Bill Flory
Joe Davidson

Commission Staff Present:

Sara Schmidt
Kristin Magruder
Dave Saxey
Lance Holloway

Justin Krajewski
Hans Koenig
Chuck Pentzer

Partners and Guests Present:

Harriet Hensley
Cody Anderson
Steve Becker
Lyla Dettmer
Steve Miller
Kent Foster
Jeff Burwell
Kyle Wilson
Paul Calverly
Scott Koberg

Dave Ascuena
Kit Tillotsen
Billie Brown
Randy Purser
Kyle Hawley
Nancy Weatherstone
Wayne Newbill
Terry Halbert
Claude Bruce
Vicki Lukehart

1 Meeting was called to order by Chairman J. Morgan Evans at 9:12 a.m.

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3 Welcome and self-introductions followed.

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5 **Joe Davidson reviewed minutes from the August, 12, 2009 teleconference. Davidson**
6 **moved to approve minutes. Bill Flory seconded. Motion passed unanimously.**

7
8 **Davidson also reviewed minutes from the September 22, 2009 meeting. Davidson**
9 **moved to approve minutes. Horsch seconded. Motion passed unanimously.** Sara
10 Schmidt, Administrator for Idaho Soil Conservation Commission (ISCC) advises attendees the
11 approved minutes will be posted to the SCC website.

12 13 **Interim Committee Discussion and Follow-up**

14
15 Chairman Evans opened up the discussion. The Commission discussed the items brought up
16 by Interim Committee co-chairs at the Idaho Association of Soil Conservation Districts (IASCD)
17 meeting on November 17, 2009. Discussion continued over the direction the Interim
18 Committee may take with the Commission. Commissioners reiterated the importance of
19 maintaining a voluntary, non-regulatory approach to providing state technical assistance to the
20 districts and safeguarding cash flows to make sure that technical assistance and staffing are
21 possible. Discussion about what everyone involved should do to maintain and improve the
22 status of the Conservation Partnership.

23
24 Chairman Evans opened up the Commission budget transparency discussion with Schmidt,
25 referencing the Issue Papers as distributed on November 4, 2009. Discussion of proposed
26 protocols involving ISCC Commission advisors including IASCD to develop guidelines for
27 budget development and execution. Flory volunteered to work with Schmidt, IASCD, and any
28 interested district to develop guidelines.

29
30 Chairman Evans opened up discussion on streamlined requirements for base funding as
31 referenced in the Issue Papers distributed on November 4, 2009. Schmidt suggests the
32 Conservation Partnership discuss and determine priorities. Discussion about incentive-based
33 funding approaches for the districts. Suggestion of forming a task force to develop priorities in
34 the near future. Dick Bronson volunteered to serve on a committee and will work with Schmidt,
35 Commission advisors, and any interested district to coordinate.

36
37 Schmidt began discussion over District Feedback Forms. Commission would like additional
38 feedback from districts no later than December 1, 2009 to compile in time for the next tentative
39 Interim Committee meeting of December 10, 2009.

40
41 Chairman Evans opened discussion about Strategic Plan Implementation. Schmidt suggested
42 ISCC staff member Janet Hohle lead discussion over how best to approach the
43 implementation in light of budget and staff cutbacks.

44
45 Discussion by Commission over importance of keeping the Commission staff intact to support
46 the districts. Districts will do what they can to support the Conservation Partnership.

Discussion among the Commission about the importance of the services of the Conservation Partnership. Commission believes everyone should contact the Interim Committee members individually and as a unified voice.

Bronson moved to direct Schmidt to prepare testimony for Commission to present to the Interim Committee. Davidson seconded. Discussion followed. Motion passed unanimously.

Water Quality Program for Agriculture

Lance Holloway, Acting Water Quality Program for Agriculture (WQPA) Program Manager, addressed the Commission. Discussed the transition from Biff Burleigh and thanked Kyle Hawley for the background information on a WQPA project. Discussed staffing transitions and introduced Justin Krajewski as new Eastern Idaho Program Manager for ISCC. Discussion over project matrix with associated budgets. Presentation on current budget status.

Discussion over the failure of the Conservation Partnership to talk up the good work being put on the ground by the districts. Question over the economic benefit of WQPA projects for the state. Jeff Burwell, Natural Resource Conservation Services (NRCS), offered services of staff economist to quantify the economic benefit of the WQPA projects and other state funds.

Holloway directed Commission to new proposed WQPA priority areas for consideration. Discussion followed about ability of the Commission to rank or fund any new priority areas this fiscal year.

Flory moved to honor fiscal commitments of existing WQPA priority areas. Horsch seconded. Discussion followed about financial considerations and whether the Commission should enter into new agreements that may or may not be funded in future fiscal years. Discussion about ramifications of Commission not funding pending projects and districts not getting federal funding. **Motion passed unanimously.**

Discussion began about the Commission approving or accepting new priority area applications. It was suggested that districts contact Jeff Burwell at NRCS about work group funding concerns. Suggestion made that the Commission holds off on new priority areas or applications until there is a better idea of what the budget is going to look like in the near future.

Continued discussion over WQPA budgets and payments for ongoing projects in priority areas. Watershed Advisory Groups are still active and there is some money left (\$1,712.14) in the budget for administrative costs to districts the remainder of the fiscal year.

A short break was called for at 10:25 a.m.

Meeting reconvened at 10:41 a.m.

District Insurance

Kristin Magruder, ISCC staff, began discussion about insurance terms and liability. Chad Williams and Trish Wassner, Western States Insurance, summarized the existing policy. Discussion continued about concerns over lack of coverage and input from Districts over what external policies they currently buy. Discussion about risk management coverage for subdivisions of government. The state is not liable for anything that happens at the district level. Evans requested that Harriet Hensley, Office of the Attorney General, review coverage currently available by the state.

The Commission requested comments from Rick Ferguson, Idaho Counties Risk Management Program (ICRMP), about how their program works. Their program covers local governments and districts with a multi-line policy as well as offers related training. Ferguson offered to do analysis of coverage and what ICRMP could offer the districts for coverage.

Schmidt suggested researching options from current carrier and ICRMP and scheduling an information session with the Districts to ask questions about coverage.

Commission directs staff to prepare matrix for a cost and coverage comparison for a future Commission meeting.

Discussion about how to split the cost of insurance premiums. Historically, the Districts paid for the full insurance premium. Approximately three years ago when the premium increased dramatically, the Commission split the premium with the Districts. A decision for FY 2010, and future years, is needed from the Commission.

Flory moves to pay for fifty percent (50%) of the insurance premium and deduct the remaining premium from the second allocation. Bronson seconded. Motion passed unanimously.

District Allocations

Wayne Newbill, ISCC temporary staff, led discussion for how to calculate second district allocation. It is unclear how prior years were calculated and whether the match was a 12- or 18-month window and whether it was actual fiscal year receipts or projected revenue gleaned from letters of intent.

Flory moves to make second allocation for FY10 based on FY09 actual receipts. Davidson seconded. Discussion followed. Amended to apply post haste to get allocations out as soon as possible. Motion passed unanimously.

Financial Update

Kelly Nielson, Idaho State Department of Agriculture (ISDA) Fiscal Officer, presented the financial update for FY10-to-date. Discussion about budget holdbacks and posting of RCRDP expenses. Discussion about RCRDP cash fund balance on a month-to-month basis for past seven years. Inquiry about potential risks seen in the loan program compared to the rest of the state. Discussion about the state sweeping funds from loan programs that are inactive.

Schmidt discussed the FY2010 \$296,000 (7.5%) budget holdbacks and the required amendment of a similar amount for the ISCC FY 2011 budget submission.

The FY2010 holdback included a one-time contribution from the State Revolving Fund ending cash balance of \$95,000; an on-going shift of salary and benefit expense for the RCRDP loan program manager from General Fund to dedicated funds in the amount of \$85,000; a one-time contribution from the General Fund Trustee & Benefit account for \$45,168; and a one-time contribution from the General Fund Operating Expenses for \$70,832.

The required FY2011 submitted budget reductions totaling \$296,000 (7.5%) included the on-going shift of salary and benefit expense for the RCRDP loan program manager from General Fund to dedicated funds in the amount of \$85,000; and an on-going reduction to Operating Expenses in the amount of \$211,000.

Horsch moves to accept current financial report. Flory seconded. No discussion. Motion passed unanimously.

Discussion over pending request from IASCD for FY10 support of Executive Director position. Commission addresses IASCD representatives about existing cash reserves and staff plans. With executive director working one day per week and half-time administrative assistant, IASCD can operate into May 2010. Discussion continued about deliverables attached to \$15,000 allocated to IASCD by the Commission. Continued discussion about IASCD's need to get district buy-in at conference for supporting the executive director position and their reasons for not utilizing the \$15,000 allocation to date.

Steve Miller addresses the Commission about passing through the money previously dedicated to the executive director position directly to the districts.

Horsch moves to rescind the motion from the previous meeting and withdraw \$15,000 offer to IASCD for funding based on deliverables. Flory seconded. Discussion. Motion passed unanimously.

Horsch moved to allocate \$59,614 less 7.5% holdback directly to the districts. Davidson seconded. No discussion. Motion passes unanimously.

A recess for lunch was called for at 12:15 p.m.

The meeting reconvened at 12:46 p.m.

Partner Reports

Karma Bragg, Idaho District Employees Association (IDEA) President, reported new business for IDEA. Announced new directors and titles. New website being designed for IDEA. Discussed cross training district employees by drawing on strengths of existing employees. Addressed QuickBooks briefly. Discussed raffle and other business.

Jeff Burwell, NRCS, reported \$19.2 million dollars being funded this last year. New conservation stewardship program this year still ranking projects. Announced NRCS has staffing spots available in the field and will have six additional technicians available as a resource. Discussed the importance of the Conservation Partnership and taking a unified message to the Interim Committee. Stressed that NRCS can't coordinate the landowners like the Commission staff and the Districts do, therefore, an additional message needs to be delivered about the importance of the Partnership.

Discussion about the WQPA benefits on the ground. Request made to amend the earlier suggestion of NRCS economist evaluation of WQPA funding to also include what the benefit would be to funding the districts directly with WQPA funding instead of doing BMPs.

Steve Miller, IASCD President, presented the IASCD partner report. IASCD has been concerned about how to fund the director position. Wants to continue good work of Conservation Partnership.

Discussion about scheduling Commission meetings for 2010. Parties agree to wait until Interim Committee meeting is scheduled to move forward with further meetings.

Request for IASCD to discuss the pending resolutions before the association. Discussion and clarification of the recommended district allocation structure.

Wayne Newbill discussed OnePlan updates and changes. Idaho OnePlan Executive Committee met recently to discuss budgeting concerns and lack of funding for the executive director after February 2010. EPA and NRCS staffs are going to take the lead to look at other funding sources for the nutrient management module and Newbill is the lead for the pest management module. All other modules and activity are on hold.

Discussion over IASCD Resolution about QuickBooks. Districts want choice to use either desktop or online version. Commission comments on the necessity to cut costs and focus on technical support. Schmidt will follow up on previous mandates and come back with a clear recommendation for the next meeting.

Resource Conservation and Rangeland Development Program

Dave Saxey, Resource Conservation and Rangeland Development Program (RCRDP) loan analyst, reviewed the October 2009 fiscal snapshot and five-year cash flow. As of October 31,

2009, there is an ending cash balance of \$512,266.88 in the loan account. FY10 projections put the loan program balance at \$1,140,430.47. The loan program is keeping a 3% reserve balance as directed by Commission at the last meeting. Request from Commission to loan officer to include line item on cash balance sheet to include reserve balance amount.

Horsch moved to accept cash report for RCRDP loan program as presented. Flory seconded. Motion passed unanimously.

Discussion about loan collateral for second mortgages based on current statutory authorization. Question posed whether Commission wants to amend operating policy on second mortgages. Concern from Commission members about risk of approving loans secured by a second mortgage. Discussion followed. Hensley suggests a policy allowing for discretion. Further discussion followed.

Flory moves to direct staff to draft applicable language to modify the loan collateral policy to reflect examples of standards that allow flexibility in loans approvals. Davidson seconded. Motion passed unanimously.

Discussion about loan extension policy on late payments. Question whether the current extension policy is still adequate based on current conditions. Discussion followed to change policy to a 30-day extension on late payments and to include inspection and/or certification of collateral or verification of conditions.

Flory moved to direct staff to tighten loan extension policy to 30-day extension and add verification as needed. Horsch seconded. Discussion followed. Motion passed unanimously.

Commission comments about the situation of the economy and believe there should be some policy for dealing with delinquent payments.

Horsch moved to entered Executive Session pursuant to Idaho Code § 67-2345(d). Davidson seconded. Roll call vote was taken: all voting in the affirmative.

Harriet Hensley, Sara Schmidt, Kristin Magruder, and Dave Saxey were invited to stay.

Moved into Executive Session at 1:55 p.m. to discuss pending RCRDP loan applications.

Flory moved to end Executive Session pursuant to Idaho Code § 67-2345(d). Seconded by Horsch. Roll call vote – all voting in the affirmative.

Saxey updated the Commission on the upcoming Nortridge Loan System (NLS) audit. Individual audits of all active loan files will be completed by December 31, 2009. Frank Arana has agreed to contract with ISCC to do an independent audit of random loan files to ensure system is working properly.

Loan #1: Horsch moved to deny this loan. Davidson seconded. Reason loan was denied was because of lack of collateral. Motion passed unanimously.

Loan #2: Davidson moved to approve this loan. Horsch seconded. Motion passed unanimously.

Loan #3: Davison moved to deny this loan. Flory seconded. Reason loan denied was for lack of information of other entities as marked on application. Motion passed unanimously.

Loan #4: Flory moved to deny this loan. Davidson seconded. Reason loan denied was for lack of information about previous foreclosure as marked on application. Motion passed unanimously.

Loan #5: Flory moved to approve this loan. Bronson seconded. Motion passed unanimously.

Evans thanked Hensley for her time and advice.

Discussion about presenting information to the Interim Committee. Commission requested that Schmidt put together information for Commission review and tentatively schedule a conference call the week after Thanksgiving. Teleconference tentatively scheduled for Tuesday, December 1, 2009 at 9:00 a.m. MST.

Commissioners discussed clarifications about the position of the Commission on QuickBooks as required accounting software for the districts. Commission does not want to diminish the importance of reporting and accountability.

Flory moved to clarify the earlier discussion to support the decision to allow the districts to use either QuickBooks online or desktop version for financial reporting. Bronson seconded. Discussion followed. Flory and Bronson voted in the affirmative. Horsch and Davidson voted in the negative. Chairman Evans cast an affirmative vote. Motion passed.

Davidson moved to adjourn the meeting. Bronson seconded. Motion passed unanimously. Meeting adjourned at 3:15 p.m.

Respectfully submitted,

Joe Davidson
Commissioner and Secretary,
Idaho Soil Conservation Commission